

15 Q. There are certain things circled in this letter  
16 and underlines in this letter, and I am not certain how  
17 they got there. To the best of my knowledge, somebody  
18 from AT&T put them on. They were not on the original of  
19 the letter, just so that you understand that.

20 A. All right.

21 Q. I'd like you to look at the -- this letter is  
22 dated December 13th, correct?

23 A. Uhm-hum.

24 Q. Did you answer my prior question about when you  
25 first saw this? If you did, it slipped my mind.

0063

1 A. I saw it attached to your complaint. I do not  
2 believe I saw a copy of the actual letter prior to that.

3 Q. Okay. On this letter dated December 13th,  
4 Mr. Moulton states, in the second paragraph toward the  
5 middle, "Earlier this year, we made clear in writing to  
6 AT&T our initial capacity would be 400 orders a day, but  
7 that we expected to quickly ramp that up to 2000 orders a  
8 day in January of 1997, as demanded." Do you see that?

9 A. Yes.

10 Q. That appears to be -- doesn't appear to be --  
11 that is consistent with -- he uses the exact numbers as  
12 you do in your December 4th letter, correct?

13 A. Yes.

14 Q. Now, I'd like you to look at the third paragraph  
15 where it says, "Since then, we have accelerated our  
16 efforts beyond what we told AT&T. Now, we will be

17 prepared to handle 2000 orders a day by year's end and  
18 4000 a day by the end of January 1997." Do you see that?

19 A. Yes.

20 Q. So, apparently, sometime between December 11th  
21 and December 13th, Pacific increased its estimate of the  
22 LISC capacity for the end of January of '97 from 2000 a  
23 day to 4000 a day?

24 MR. KOLTO-WININGER: Objection. Misstates the  
25 facts as to the December 11th date, but go ahead.

0064

1 THE WITNESS: Why don't you repeat your  
2 question.

3 MR. ETtinger: Could you read that back.

4 (Record read.)

5 THE WITNESS: During that period of time, we  
6 made a decision to expand our training of other service  
7 representatives on a -- to use on a part-time basis in the  
8 process, beyond the original numbers that we had started  
9 to train early in December. I am not sure of the exact  
10 date. I can't -- I don't know the exact date on that, but  
11 it was all during that same period of time.

12 As I had stated earlier to you, we had developed  
13 a -- I will only talk about the force piece of the plan at  
14 this time, a force plan that caused us to issue additional  
15 requisitions to hire full time people. We talked about  
16 that earlier.

17 We also brought in a number of contractors to  
18 pick up some of the work functions, as part of that

19 process of changing the universal nature of the service

20 rep job, I think is the term that Caryn Moir used.

21 Along with that, we made a decision to train

22 people on service order retrieval and distribution system,

23 train service representatives to train them on resale

24 order process, so that we could use them to help manage

25 order production in the resale order flow. Our initial  
0065

1 decision was to train approximately 200 people to be able

2 to use on a part-time basis.

3 During this period of time, we made a decision

4 to increase that by another order of magnitude number of

5 people to train as well, so that we'd have a large reserve

6 of people to use in the process.

7 That's why I said in my earlier statement that,

8 during this whole period of time, we were continually

9 looking at ways of increasing our throughput capacity of

10 the overall process.

11 MR. ETtinger: Q. You just gave me a relatively

12 long answer about a number of things that occurred. You

13 used the phrase, during this period of time. What period

14 of time was, "this period of time?"

15 A. What I had earlier referred to, I believe, as

16 the November-December time frame, when we were looking at

17 our order volumes, our capacity, our systems capabilities.

18 Q. Some of these changes that were going on, then,

19 with Ms. Fetter, you were aware of?

20 A. Sure.

21 Q. By December 4th when you wrote your letter,

22 right?

23 A. Right.

24 Q. And you factored that in, in coming up with 2000

25 orders per day?

0066

1 A. Right.

2 Q. And did Ms. Fetter consult with you, or did

3 Janette Corby, who signed for Ms. Fetter, about the use of

4 the 2000 per day in the December letter?

5 A. I am sure we had discussions about that. I

6 don't remember them, specifically.

7 Q. So those changes that you referenced in --

8 A. A portion of those changes, not all of them.

9 Q. What happened between December 11th, December

10 13th to cause the estimate to double?

11 A. As I said, I am not sure of the exact 11th,

12 12th, 13th, timing of this. We made a decision, in that

13 time frame, to train additional service reps beyond the

14 200 that we originally planned to train to bring them

15 through the process on a part-time basis.

16 We increased that plan to identify additional

17 reps, service reps, and I don't recall the exact number,

18 but it was a number about equal to the 200, or slightly

19 less, to bring them in, to identify them and to start

20 training them as well. We were at that time trying to

21 develop that force plan and augment our existing force

22 with part-time assistance from other work groups.

23 Q. I take it you communicated this to Mr. Moulton?

24 A. Right.

25 Q. When did you do that?

0067

1 A. I did not communicate it personally to

2 Mr. Moulton, no, I did not.

3 Q. Did Mr. Moulton consult with you at all before

4 writing this letter?

5 A. No, no, he did not.

6 Q. Do you know who he did consult?

7 A. I am not sure who he consulted with.

8 Q. You don't know?

9 A. I do not know.

10 Q. So sometime in the mid-December time frame, a

11 determination was made to increase the number of employees

12 at the LISC?

13 A. Yes.

14 Q. So I understand what you are telling me --

15 A. Right.

16 Q. That in turn led to -- let me ask you this.

17 When did you know that the best estimate for the end of

18 January was 4000 orders a day? Do you remember that?

19 A. It was right in that same mid-December time

20 frame. I don't remember the specific date.

21 Q. Mr. Moulton, do you know him?

22 A. Yes.

23 Q. He was not responsible for the operation of the

24 LISC, right?

25 A. No, he was not.

0068

1 Q. He is a lobbyist, right?

2 A. I don't know how he is classified.

3 Q. Well, isn't his job to be the point of contact

4 with the Federal Communications Commission?

5 A. I believe that's one of his functions.

6 Q. Maybe also legislators in Washington, DC?

7 A. I am not familiar with his job description.

8 Q. Who's closer to the operation of the LISC, you

9 or Mr. Moulton?

10 A. I was.

11 Q. I take it you would know when the LISC capacity

12 would be increased from 2000 a day to 4000 a day, right?

13 A. Yes.

14 Q. That was part of your job?

15 A. Yes.

16 Q. So is it fair to say that by December 13th, you

17 knew that the LISC capacity was 4000 a day?

18 MR. KOLTO-WININGER: Objection. He already

19 answered that question.

20 THE WITNESS: As I said, during that period of

21 time, we were looking for ways of increasing capacity. We

22 had made a decision to train additional service

23 representatives, beyond the initial group we had

24 identified, in order to bring our capacity up, and that

25 was a factor in determining the 4000 orders per day.

0069

1 MR. ETTINGER: Q. When did you know that 4000 a

2 day was the proper number?

3 MR. KOLTO-WININGER: Same objection.

4 MR. ETTINGER: Why don't you do a continuing  
5 objection.

6 MR. KOLTO-WININGER: That's fine.

7 MR. ETTINGER: I don't want to repeat myself.

8 THE WITNESS: I don't recall a specific date.

9 It was during that same time frame.

10 MR. ETTINGER: Q. You don't recall a specific  
11 date?

12 A. No, I do not.

13 Q. Would it be logical to assume though that it was  
14 either -- it was no later than December 13th, because it  
15 appears that Mr. Moulton knew that on December 13th?

16 MR. KOLTO-WININGER: I am going to object as to  
17 whether it's relevant, whether he thinks it's logical or  
18 not. You can ask him if it refreshes his recollection,  
19 but that objection having been made, go ahead and answer.

20 THE WITNESS: I am not sure of the question I am  
21 answering now. Can you read that one back?

22 (Record read.)

23 MR. KOLTO-WININGER: Same objection, but go  
24 ahead and answer it.

25 THE WITNESS: The decision to add the additional  
0070  
1 people to increase the projected throughput was made prior  
2 to December 13th. I have to assume that, because of the  
3 date on the letter.

4 MR. ETtingER: Q. The estimate of 4000 per day,  
5 it was made prior to -- assume that as well; made prior to  
6 December 13th?

7 MR. KOLTO-WININGER: Same objection, but go  
8 ahead and answer it.

9 THE WITNESS: I can only go back and answer it  
10 the way I have answered it, is that, as we were assessing  
11 our capacity within the LISC, we came up with a number of  
12 factors that contributed to that capacity. We had a base  
13 force -- we had a base force of approximately a hundred  
14 people total.

15 We had brought in approximately a hundred  
16 contractors and we had made a decision in either late  
17 November, early December, to train approximately 200  
18 additional service representatives from other parts of the  
19 business on the resale process, to use them on a part-time  
20 basis in the resale flow.

21 Subsequent to that, we made a decision to  
22 increase the number of service reps that we were going to  
23 train from other parts of the business to further augment  
24 the capability. And that additional amount, it was  
25 something less than 200, but close to 200 additional  
0071  
1 people. I don't remember the exact number.

2 Those decisions were being made during that time  
3 frame, not all implemented during that time frame, but the  
4 decisions to do that were being made during that time  
5 frame.



6 MR. ETTINGER: Q. I am not asking you -- you  
7 have explained to me the decisions that were made. What I  
8 am trying to determine is when the number -- the estimate  
9 jumped from 2000 to 4000. Do you remember?

10 A. Yes.

11 Q. When was it?

12 A. I don't remember the exact date that decision  
13 was made. It was right during that same time frame, in  
14 that period in December, early December, when we were  
15 looking at resources systems and the force situation.

16 Q. Well, it's true, is it not, that your boss, the  
17 president of the industry markets group, notified AT&T in  
18 a letter on December 11th that, at that time, Pacific's  
19 best estimate was 2000 per day by the end of January,  
20 correct?

21 A. That is identified in the letter dated December  
22 the 11th, yes.

23 Q. Do you know Ms. Fetter?

24 A. Yes, I do.

25 Q. She's an honest person?  
0072

1 A. I believe she is, I believe she is.

2 Q. Based on your knowledge of Ms. Fetter's honesty,  
3 isn't it likely that if asked what the best estimate was,  
4 she would truthfully indicate that Pacific's best estimate  
5 was 2000 per day?

6 A. I believe Ms. Fetter would give her best and  
7 honest assessment of that, yes.

8 Q. So we can assume, then, it's your opinion that  
9 her best and honest assessment was 2000 per day by the end  
10 of January, on the letter she sent out on December 11th?

11 A. No, I cannot reach that conclusion.

12 Q. What's wrong with my statement?

13 A. Well, the letter is dated December the 11th.

14 The letter is not signed by Liz Fetter, it's signed by  
15 Janette Corby. I am not sure at what time the actual  
16 letter was written and the data was based on that time.

17 Q. Are you assuming that Ms. Corby didn't have  
18 authority to sign this letter for Ms. Fetter?

19 MR. KOLTO-WININGER: Objection. Calls for  
20 speculation. Go ahead and answer.

21 THE WITNESS: I assume she had authority, yes.

22 MR. ETTINGER: I didn't ask him if she had  
23 authority. I asked him if he was assuming that she didn't  
24 have authority.

25 MR. KOLTO-WININGER: He said he is assuming, so  
0073

1 he is speculating.

2 MR. ETTINGER: Q. You don't know whether she  
3 had authority?

4 A. No.

5 Q. Do you know if Ms. Corby is honest and truthful?

6 A. Yes.

7 Q. Have you ever known her to sign letters for  
8 people that she wasn't authorized to sign?

9 A. No.

10 Q. Have you ever known her to lie in a letter?

11 A. No.

12 Q. I think you said Mr. Moulton did not consult  
13 with you about writing this letter and using the 4000  
14 number, correct?

15 A. That's correct.

16 Q. I don't know if I asked you this. If I did,  
17 excuse me for repeating myself. Do you know who he  
18 consulted with?

19 A. No, I do not.

20 Q. So you don't know where he learned that the  
21 number was 4000?

22 A. I do not know the source.

23 Q. When did Pacific notify AT&T that the number  
24 would be 4000 by the end of January?

25 MR. KOLTO-WININGER: From your knowledge.  
0074

1 MR. ETtinger: Yeah.

2 THE WITNESS: There was another letter that was  
3 sent, changing the projection to 4000. It was during this  
4 same time frame, the holiday season, and the -- the exact  
5 date of it, I am not sure, although I know it was being  
6 worked within the account team and myself during that  
7 period of time. There was a number of people in and out  
8 on vacation, so I am not sure of the exact date it was  
9 transmitted to AT&T.

10 MR. ETtinger: Q. I believe that was a letter  
11 signed by you?

12 A. Yes.

13 Q. I believe that's a letter that AT&T received  
14 after the first of the year?

15 A. Yes.

16 Q. Although it was dated two or three weeks  
17 earlier, correct?

18 A. Yes.

19 Q. Is that unusual?

20 A. Yes, it is.

21 Q. Do you find it unusual that the first  
22 notification -- this letter to Chairman Hundt of the FCC  
23 was sent to various other people as well. And was it sent  
24 to the press, if you know?

25 A. I don't know.

0075

1 Q. Pacific issued a press release?

2 A. Okay.

3 Q. You said you don't know, right?

4 A. No.

5 MR. KOLTO-WININGER: Make sure you are answering  
6 questions and not just having dialogue here.

7 THE WITNESS: Thank you.

8 MR. ETtinger: Q. To your knowledge, isn't the  
9 first time that Pacific publicly indicated that it could  
10 handle 4000 a day by the end of January, this letter to  
11 the FCC?

12 A. Yes, I believe that's true.

13 Q. Do you find that somewhat unusual, that rather

14 than notify the carriers, that Pacific chooses to increase  
15 its estimate in a letter to the FCC?

16 MR. KOLTO-WININGER: I am going to object, as I  
17 don't think it's relevant to this case whether he thinks  
18 it's usual or unusual, but go ahead and answer it.

19 THE WITNESS: Concerning -- I was not involved  
20 in issuing all of these letters, I wouldn't judge that one  
21 way or the other.

22 MR. ETtinger: Q. Isn't it a fact that -- well,  
23 let me rephrase that.

24 You say you did not see this letter until AT&T  
25 put it in its complaint?

0076

1 A. I do not recall seeing a copy of it until I saw  
2 it in the complaint.

3 Q. But you did learn of the 4000 orders per day  
4 sometime before the complaint, because you wrote a letter  
5 to AT&T with that number in it?

6 A. Yes, I had knowledge of the 4000 a day  
7 projection.

8 Q. Do you know when you got knowledge of that 4000  
9 a day projection?

10 A. That was at the time we developed that estimate.  
11 I don't remember the specific date. It was in the  
12 mid-December time frame.

13 Q. Isn't it a fact that the 4000 orders per day  
14 estimate wasn't developed by you or any of your staff? It  
15 was -- it was just created out of whole cloth by

16 Mr. Moulton in an attempt to influence the FCC?

17 MR. KOLTO-WININGER: He is just arguing with  
18 you. Argumentative.

19 MR. ETtingER: He can disagree with me if he  
20 wants to.

21 MR. KOLTO-WININGER: He is just arguing with  
22 you.

23 MR. ETtingER: Are you instructing him not to  
24 answer?

25 MR. KOLTO-WININGER: Yeah. Why don't you  
0077  
1 rephrase your question in a nonargumentative fashion.

2 MR. ETtingER: I think I am entitled to an  
3 answer. If he disagrees with me --

4 Q. To your knowledge, who on your staff -- strike  
5 that.

6 Let me ask you about the letter that you did  
7 send to AT&T about the 4000. Do you recall why that  
8 took -- you sent an identical letter, didn't you, that had  
9 the same date and used the 2000 per day estimate, didn't  
10 you?

11 MR. KOLTO-WININGER: The same date as what?

12 MR. ETtingER: Q. A letter -- let me start the  
13 question again.

14 We talked earlier about a letter that you sent  
15 that was delayed?

16 A. Yes.

17 Q. Using the 4000 per day number. Do you remember

18 that?

19 A. Yes.

20 Q. Wasn't that identical to a letter that was  
21 previously sent that used the 2000 per day? And I am not  
22 talking about the December 4th letter.

23 A. You are now talking --

24 Q. I am not talking about the December 4th letter.

25 A. I am not following your question.

0078

1 Q. You recall the letter that you sent that used  
2 the 4000 number?

3 A. Yes.

4 Q. The one that was delayed in sending?

5 A. Yes.

6 Q. Was that letter actually delayed in sending or  
7 was it predated?

8 A. As best I can determine, is that we were -- we  
9 had decided to re-send the original letter to Mary Ann  
10 Collier, and it was basically because I believe the  
11 original version didn't go on the normal letterhead and  
12 that sort of thing. The account team was taking care of  
13 redoing the letter that I was going to sign and then  
14 re-send to her. That was over the -- basically, the week  
15 prior to and during Christmas week and the holiday season.  
16 There was a number of people that were on vacation at that  
17 time.

18 As best I can determine is, at the time they  
19 were redoing the letter, they made the change to 4000

20 because by that time -- by the time the letter was  
21 actually retyped and ready for re-sending, we had made the  
22 decision to go with a projection of 4000 orders a day  
23 based on the force factors that I described earlier.

24 When the letter was actually sent to Mary Ann  
25 Collier, which was very late in December, they used the  
0079

1 date -- I don't remember the exact date on it, but it was  
2 postdated to that date.

3 Q. Postdated or predated?

4 A. Predated, I should say. It was -- excuse me,  
5 let me clarify that. The date the letter was sent to Mary  
6 Ann Collier, actually sent to her, was quite a bit of time  
7 after the date that appeared on the letter that was sent  
8 to her.

9 Q. Did you sign it on the date it was dated or the  
10 date it was sent?

11 A. I signed it -- I signed it prior to it being  
12 sent but it was not on the date on the letter. I didn't  
13 sign it on the date that it was dated.

14 Q. You refer to the fact that at some point we  
15 increased the estimate to 4000. Who is the "we" that you  
16 are referring to?

17 A. The team of people that were continually  
18 assessing the overall process systems and force situation,  
19 trying to deal with our capacity from processing resale  
20 orders. So people that got involved in the discussions  
21 that led to that decision were the systems people, my



22 operational people, and the support people that actually  
23 did the process design and measures and procedures.

24 Q. Did Mr. Moulton and any of his people have input  
25 into that decision?

0080

1 A. Not that I am aware of.

2 Q. Did Ms. Fetter have input into that decision?

3 A. She was involved in discussions around it, yes.

4 Q. Did Pacific Bell, to your knowledge, meet the  
5 goal of 4000 -- strike that.

6 Did Pacific Bell meet the estimate of 4000

7 orders a day by the end of January 1997?

8 A. To my knowledge, we did not.

9 Q. Did Pacific Bell meet the prior estimate of 2000  
10 orders per day by the end of 1997?

11 MR. KOLTO-WININGER: When we get down to that  
12 level, I am going to object and ask the witness not to  
13 answer because of the proprietary reasons that may affect  
14 other carriers, in that carriers will be able to back out  
15 the market shares if we tell them how many orders per day  
16 we were processing.

17 MR. ETTINGER: I didn't ask him how many were  
18 processing. I asked him if they met the 2000 per day.

19 MR. KOLTO-WININGER: As you narrow the gap, you  
20 are going to eventually narrow it to a number, and I am  
21 going to eventually object to that question.

22 MR. ETTINGER: You are warning me about an  
23 objection that's coming in the future?

24 MR. KOLTO-WININGER: No. I am doing it at that  
25 level now. I don't want to start narrowing it beyond that  
0081  
1 range.

2 MR. ETtingER: I don't understand this  
3 objection. Can you explain to me why you are instructing  
4 the witness not to answer?

5 MR. KOLTO-WININGER: The number of orders per  
6 day we process also allows carriers to back out market  
7 shares by backing out their number, and will disclose  
8 proprietary information to other carriers. And you are at  
9 a level now where I think the number is sufficiently close  
10 to reveal proprietary information.

11 MS. LEE: You know, I thought I heard Mr. Sinn  
12 say that Pac Bell processes resale orders on a first  
13 come-first served basis. There is no foundation in the  
14 testimony he's given to lead one to believe that, once  
15 capacity has been filled up by one carrier, the other ones  
16 are out in the cold. And I don't see how answering  
17 Mr. Ettinger's question, whether Pac Bell met its goal of  
18 processing 2000 orders a day by the end of January 1997,  
19 has anything to do with allocation of market share.

20 MR. KOLTO-WININGER: He's trying to narrow the  
21 range with the witness, and as we start narrowing the  
22 range, we are going to get to a number. And as we get to  
23 that number, if one carrier backs out their number, they  
24 know how much market share is left for the other carriers.

25 MR. ETtingER: How about this, Mr. Kolto, we

0082

1 agree not to go beyond 2000 per day?

2 MR. KOLTO-WININGER: That's fine.

3 MR. ETtingER: Will you allow him to answer that  
4 question?

5 MR. KOLTO-WININGER: Sure.

6 MR. ETtingER: Q. Did Pacific meet its estimate  
7 of 2000 per day by the -- its prior estimate of 2000 per  
8 day by the end of January 1997?

9 A. To the best of my knowledge, we did not.

10 Q. Is it fair to say you don't know how many orders  
11 per day Pacific is now capable of handling?

12 A. No, I do not.

13 Q. Does Pacific have a current estimate it has  
14 given to carriers, public estimate as to its capacity in  
15 the LISC?

16 MR. KOLTO-WININGER: That you are aware of.

17 THE WITNESS: You are asking me that question --

18 MR. ETtingER: Q. Do you know, at least as of  
19 December, there was a public number of its LISC capacity?  
20 Mr. Moulton made that public in his letter, correct?

21 A. Yes.

22 Q. What I am asking you is this: Is the LISC  
23 capacity number the overall LISC capacity number, or I  
24 should say estimate, a public number?

25 A. Not that I am aware of.

0083

1 Q. It's not a public number?

2 A. Not that I am aware of.

3 Q. Do you know what the current estimate is?

4 A. No, I do not.

5 Q. You do not. Mr. Stankey would know that?

6 A. John Stankey would know that.

7 Q. So you neither know what the current capacity is

8 as of today, nor what the estimate is for the future; is

9 that fair?

10 A. Yes, that's accurate.

11 Q. I want to go back to the time that you referred

12 to as the November, December time frame that you were in

13 the process of staffing up and trying to get more staff.

14 What process did you have to go through in order

15 to -- let me rephrase the question.

16 Once you got an estimate of how many more people

17 you thought you needed, could you just, on your own, go

18 and put the -- I think you called them the requisitions --

19 could you just put that through, or was there some process

20 you had to go through to get authority for that?

21 A. A determination of the force we thought we would

22 require was part of my responsibility. The process we

23 would use is that we would develop that force number, that

24 requirement, and I would provide that to Liz Fetter as

25 well as to her personnel people that processed the  
0084

1 requisitions. There was never any restraint placed on me

2 as to how many requisitions I could place.

3 Q. Were you operating under some sort of overall

4 budget?

5 A. At that point in time, we had made a decision  
6 that we needed to staff to whatever we felt we needed to  
7 do to manage the capacity required, and there was not a  
8 budget ceiling placed on the staffing plan for the LISC.

9 Q. I want to go back in time a little more. You  
10 mentioned when resale was first ordered, first tariffed  
11 back in March of '96, that was when you first started  
12 staffing the LISC?

13 A. Correct.

14 Q. And you said at that time, you were initially --  
15 you were overstaffed and that you had people sitting  
16 around doing nothing?

17 A. That's correct.

18 Q. How long did that overstaffing condition last?

19 A. Until late September.

20 Q. And in late September, did you suddenly get into  
21 a situation where you were behind, or did you get into a  
22 situation where you basically had equilibrium and had just  
23 about the right number?

24 A. Even in late September, we still had more force  
25 than required by the immediate load, but at that time, the  
0085  
1 number of service requests coming in started to increase.

2 Q. But I take it, still in late September, while  
3 the -- you called it the overload, can we call it the  
4 demand?

5 A. All right, yes, demand is a good word.

6 Q. Demand for your product --

7 A. Uhm-hum.

8 Q. -- started to increase in late September?

9 A. Uhm-hum, yes.

10 Q. As I understand your testimony, though, even as

11 of late September, you were able to handle the demand

12 without a backlog?

13 A. Yes.

14 Q. How about in early October? Let me rephrase

15 that.

16 When did you start to experience a backlog where

17 you couldn't handle the demand?

18 A. The time frame on which the incoming service

19 requests, the demand, was starting to exceed our resource

20 capability was in the end of October, going into November,

21 that time frame, if I remember correctly. I don't

22 remember the exact date when that crossover point was

23 reached.

24 Q. You said the end of October into November?

25 A. Yes, to the end of October, I believe.

0086

1 Q. So sometime to the end of October, the demand

2 started to exceed your capacity to handle it?

3 A. Well, let me explain that maybe a little bit, it

4 might be helpful. What was occurring is we were getting

5 in a set volume of service requests, demand coming in.

6 There was a number of problems with the service requests

7 coming in, higher rates, duplication of orders, et cetera,

8 and the total amount of work required to try to work

9 through that demand started to exceed the amount of  
10 resources we currently had in place.

11 Q. Was the demand, the higher rate that you  
12 referenced, was this a new problem, or was that something  
13 that had existed from back in March?

14 A. It did not exist from back in March because we  
15 were only basically receiving test orders during the  
16 summer time frame. The problem with order accuracy coming  
17 into the LISC, the problem with duplications, et cetera,  
18 was a developing problem that we continued to see  
19 throughout that period of time, throughout '96.

20 Q. I want to ask you sort of a hypothetical  
21 question here. Is it your opinion that if the carriers  
22 who were submitting these orders had submitted them all  
23 properly, had made no errors, that everything was right,  
24 that you would have been able to meet the demand without a  
25 backlog?

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1 MR. KOLTO-WININGER: Lacks foundation, but go  
2 ahead and answer it.

3 THE WITNESS: I believe that the crossover point  
4 of resources available versus the work required to process  
5 the service requests, that crossover point would have been  
6 much further downstream if the quality of the orders, the  
7 duplication paper, et cetera, was not there, if it was a  
8 higher quality of order input. And not all the  
9 duplication of orders that we were receiving --

10 MR. ETTINGER: Q. Assuming the higher quality

11 of input and the lack of duplication, when would, in your  
12 opinion, the crossover point have been reached?

13 MR. KOLTO-WININGER: Same objection. Go ahead  
14 and answer.

15 THE WITNESS: I couldn't speculate. I don't  
16 have the data here to really look at that.

17 MR. ETTINGER: Q. So is it your testimony that  
18 the reason that there was a backlog in the LISC is the  
19 responsibility of the carriers for submitting the  
20 duplicate orders and incorrect orders?

21 A. I would contend that that was a factor, not the  
22 only factor. I believe, as I had stated in one of your  
23 questions, that was a new line of business. We all were  
24 starting into that line of business. We were learning a  
25 lot of things as we progressed along. We were testing  
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1 processes that had had limited testing prior to this but  
2 not volume testing. We were working with new systems in  
3 many cases. We were in an environment that was changing.

4 And I believe that we were having difficulties  
5 in meeting the demand, as you defined it, the incoming  
6 service requests. And I believe there were other  
7 significant factors involving the quality of the service  
8 requests coming in, the accuracy of the paper that we were  
9 receiving, that were also contributing to the situation.

10 Q. Let's go over the factors that contributed to  
11 there being a backlog. You mentioned the quality of the  
12 orders received from the carriers, right?



13 A. Yes, service request quality.

14 Q. The lack of accuracy of the orders received from  
15 the carriers, or is that the same thing?

16 A. The lack of accuracy to me would be the same  
17 thing as to quality.

18 Q. Another factor was the duplication of orders  
19 received from the carriers?

20 A. That's correct.

21 Q. That was another factor resulting in the backlog  
22 underestimate of demand by Pacific. Would you say that's  
23 a fair statement?

24 A. I would define it this way: I would not define  
25 it as another forecasting demand. I would define it by  
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1 the fact that we were not getting the productivity out of  
2 the process that we had assumed in building our force  
3 models. And we had not anticipated the high level of  
4 paper input that we were receiving which further affected  
5 our productivity in managing those service requests.

6 So from that perspective, we were not staffed  
7 sufficient to meet the total demand of work required to  
8 process the service requests.

9 Q. So if I understand your answer, another factor  
10 was that you were getting more paper input than you  
11 expected from the carriers and less electronic input?

12 A. That would be another factor. There was two  
13 there. The second one was that we were not able to get  
14 the productivity level of the service reps, that were